

Revised to reflect amendments adopted through 2/27/14.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below			
CASH FUNDS	See below		See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1016 authorizes the Department of Aeronautics to purchase a new aircraft and states the intent of the Legislature to fund such purchase with General Funds and other funds. The bill provides that the Piper Cheyenne currently owned by the state is to be sold with the proceeds retained for preventive maintenance funding for the new aircraft. The bill also places in statute current reporting requirements on the use of aircraft by the department.

The study commissioned by the Legislature (LB 194) to determine the appropriate aircraft for the state to purchase indicated the King Air C90GTx had the lowest costs over a 20-year life cycle. A new King Air C90GTx retails for approximately \$3.6 million to \$3.85 million.

The Department of Aeronautics has money in two reserve accounts that totaled \$564,415 as of December 31st (\$150,035 in the reserve account for the Cheyenne that will be sold, and \$414,380 in the reserve account of a Navajo that was sold in 2004). This \$564,415 can be used to reduce the General Fund appropriation needed for the purchase of the new C90GTx, and/or reduce the cost per hour and therefor rental rate charged to users of the plane, and/or pay for costs incurred on the Cheyenne while it is on the market. It will be up to the Legislature to determine the proper fund mix between the General Fund and other funds for the purchase of a new aircraft and to appropriate the necessary amounts. Because of the emergency clause this appropriation will occur during the current fiscal year, FY13-14.

It is estimated that \$365,000 to \$500,000 will be generated from the sale of the Cheyenne and reserved for preventive maintenance on the new plane. Statistics indicate that on average the Cheyenne will be on the market for 552 days before it is sold so this revenue may not be realized until FY15-16.

The department has identified insurance, hanger rent, training and other expenses related to the new plane that total \$46,690 cash funds in FY14-15 and \$52,440 cash funds in FY15-16. Once the Cheyenne is sold there will be a decrease in similar costs that will offset most of these expenses. Compliance with the reporting requirements on the use of aircraft by the department will not have a fiscal impact.

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2014

LB⁽¹⁾ 1016 AM1884, AM2082, AM2103, AM2115 **FISCAL NOTE**

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Aeronautics

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$ 3,850,000			
CASH FUNDS	\$ 46,690	\$ 0	\$ 52,440	\$ 365,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

"FY 2014-15 EXPENDITURES" above includes \$15,000 for insurance, \$12,690 hangar rent, \$7,500 in electronic databases for the C90GTx, and \$11,500 in travel expenses for the initial 3 week C90GTx training for 3 pilots. Once the new aircraft is in use, the Cheyenne will no longer be operated for transportation purposes. It will, however, continue to incur certain expenses until sold. The \$ 3,850,000 in General Fund expenditures reflects the purchase of a new King Air C90GTx.

"FY 2015-16 EXPENDITURES" above includes \$15,000 for insurance, \$12,690 hangar rent, \$7,500 in electronic databases for the C90GTx, and \$17,250 in recurrent training and travel expenses for 3 pilots.

"FY 2015-16 REVENUE" above is the projected proceeds from the sale of the Cheyenne; which proceeds are to be retained by the Department and used for preventive maintenance on the C90GTx as per LB1016 AM1884.

The Department already provides the quarterly electronic report to the Legislature. Continuing to do so creates no additional fiscal impact.

ASSUMPTIONS:

The new aircraft is a King Air C90GTx as proposed in the study commissioned by the Executive Board of the Legislative Council.

The purchase will be funded with General Fund dollars. Current purchase price is approximately \$3,850,000.

The sale of the Piper Cheyenne will occur after the C90GTx is purchased. The sale is anticipated to net approximately \$365,000.

A marketplace analysis completed in January 2014 by Holstein Aviation indicates that the average time on market for turboprops (the Cheyenne) is 552 days; thus proceeds from the sale of the Cheyenne will not be available until FY15-16.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15 EXPENDITURES</u>	<u>2015-16 EXPENDITURES</u>
	<u>14-15</u>	<u>15-16</u>		
Benefits.....				
Operating.....				

